

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2019-290-WS - ORDER NO. 2022-287

APRIL 21, 2022

IN RE:	Application of Blue Granite Water Company)	ORDER APPROVING
	for Approval to Adjust Rate Schedules and)	STIPULATION OF
	Increase Rates)	AGREEMENT

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (“the Commission”) for the consideration of a Stipulation of Agreement (Stipulation) offered by the Office of Regulatory Staff (ORS), the South Carolina Department of Consumer Affairs (DCA), Forty Love Point Homeowners’ Association (Forty-Love), and Blue Granite Water Company (Blue Granite or the Company) (together, the Parties). The Stipulation of Agreement follows an appeal by Blue Granite of certain orders of the Commission. On September 25, 2020, Blue Granite filed a Notice of Appeal with the South Carolina Supreme Court wherein Blue Granite appealed certain orders of the Commission in this docket. The Supreme Court issued its decision affirming in part and reversing and remanding certain issues to the Commission on September 1, 2021, and the remittitur on September 20, 2021.

II. BACKGROUND

On October 2, 2019, Blue Granite requested an increase from then-existing annual rate revenues of \$23,599,321 to an increased annual rate of \$35,188,858 in revenues. The Commission rejected the request by Blue Granite for an approximately fifty percent (50%) increase in rates paid by Blue Granite water and wastewater customers in Order No. 2020-306 and granted a rate increase of approximately \$5 million.

Following the denial of Blue Granite's motion for reconsideration in Order No. 2020-489 and other related proceedings denying its request to implement higher rates while on appeal, Blue Granite appealed these decisions pursuant to Rule 203(d)(2)A), SCACR, and filed its Notice of Appeal on September 25, 2020. Blue Granite specifically appealed the following:

- (1) Order No. 2020-641 issued on September 23, 2020,
- (2) Order No. 2020-549 issued on August 18, 2020,
- (3) the directive issued on September 16, 2020, and
- (4) Order No. 2020-306 issued on April 9, 2020, in Docket No. 2019-290-WS.

In its appeal, Blue Granite raised nine concerns which the South Carolina Supreme Court

condensed . . . [into] . . . four primary issues on appeal: whether the PSC erred in (1) setting the permissible ROE; (2) using a ten-year average—rather than a five-year average— to calculate typical storm costs; (3) disallowing all costs associated with Blue Granite moving its headquarters from West Columbia to Greenville, including any office rental expenses; and (4) staying Blue Granite's ability to implement its new, higher rates under bond during the course of the appeal.

In re Blue Granite Water Co., 434 S.C. 180, 185, 862 S.E.2d 887, 890 (2021). The South Carolina Supreme Court “affirm[ed] the PSC's decision in part and reverse[d] in part.” *Id.*, 434 S.C. at 205, 862 S.E.2d at 900. The Court upheld the decision and rulings of the Commission on:

(1) the Return on Equity of 7.46%,

(2) storm costs,

(3) the stay of an appellate bond which prevented Blue Granite from charging ratepayers the higher rates originally requested by Blue Granite of approximately a fifty percent increase during the almost twelve (12) month appeal period;¹

(4) the Greenville Office upfit expenses; and

(5) the Commission’s decision as to Blue Granite’s non-revenue water allowance.

Blue Granite originally raised the issue but conceded the matter during oral argument before the Supreme Court.

On December 17, 2021, Blue Granite filed the Stipulation of Agreement reached by the Parties. On January 25, 2022, the Parties filed a Joint Motion to Enter Verified

¹ Blue Granite filed its Notice of Appeal on September 25, 2020, and the South Carolina Supreme Court issued a remittitur of this case on September 23, 2021, so that the Commission could take up three additional issues on appeal and the remanded issue concerning the Greenville office rent. The three issues that were raised by Blue Granite but not contested by any other party before the Commission or the South Carolina Supreme Court on appeal are whether the PSC erred in:

- (1) amortizing its annual water and wastewater service expenses that it purchased in the test year from third parties;
- (2) disallowing recovery of legal expenses incurred in prior cases filed and then later voluntarily withdrawn by Blue Granite; and
- (3) disallowing recovery of legal expenses related to administrative law court proceedings dealing with Blue Granite's I-20 system.

The Court stated that the Commission’s Order did “not contain sufficient findings of fact or analysis to allow us to evaluate the merits of these issues on appeal.” *In re Blue Granite Water Co.*, 434 S.C. 180, 205, 862 S.E.2d 887, 900 (2021).

Stipulation Testimony and Exhibits into the Record, which included the verified Stipulation Testimony of ORS witness Daniel F. Sullivan and the verified Stipulation Testimony and exhibits of Dante DeStefano.

The Motion noted the following history: The South Carolina Supreme Court (“Supreme Court”) issued Opinion No. 28055 affirming Commission Order Nos. 2020-306 and 2020-641 entered in this docket, except with respect to four issues. The Supreme Court issued a remittitur on September 20, 2021, remanding the four issues for further proceedings before the Commission. Following remand, all parties to this docket were advised of settlement discussions, and settlement workpapers were provided upon request. On December 17, 2021, Blue Granite filed with the Commission a Stipulation of Agreement (“Stipulation”) with Exhibits between the Joint Movants stipulating to the four issues remanded to the Commission by the Supreme Court. See Order Exhibit 1. No party to this docket has objected to the Stipulation. On January 25, 2022, Blue Granite filed, in support of the Stipulation, the verified Stipulation Testimony and Exhibits of Dante DeStefano, and ORS filed, in support of the Stipulation, the verified Stipulation Testimony of Daniel F. Sullivan, as described in the Stipulation.

The Parties asserted in the Joint Motion that allowing the verified Stipulation Testimony and Exhibits of witnesses DeStefano and Sullivan to be entered into the record without them appearing in person for a hearing is consistent with consideration of quasi-judicial administrative economy and the unopposed nature of the Stipulation. The Parties moved that the verified testimony and exhibits of the two witnesses be entered into the

record of this proceeding and that, further, the Commission should enter an Order approving and adopting the Stipulation.

This Commission finds that, pursuant to the Joint Motion of the parties, the verified testimony and exhibits of Dante DeStefano and Daniel F. Sullivan should be entered into the record of this proceeding. Also, the Stipulation of Agreement, with Exhibits, should be entered into the record. In addition, the Commission further believes that the Stipulation of Agreement offered by the Parties should be approved and adopted as fair and reasonable, based on the verified testimony and exhibits of the witnesses. In addition, Blue Granite is directed to prepare a Proposed Notice as outlined below.

**III. SUMMARY OF THE EVIDENCE BEFORE THE COMMISSION
AND NOTICE PROVISIONS**

The verified testimony of Company witness Dante M. DeStefano supports adoption of the Stipulation of Agreement. DeStefano is the Director of Regulatory Affairs for Corix Regulated Utilities, Inc., a subsidiary of Corix Infrastructure, Inc. and parent of Blue Granite. The witness explained the issues addressed by the parties in the Stipulation. The South Carolina Supreme Court remanded four issues to the Commission for resolution: 1) recovery of Blue Granite's deferred and ongoing purchased water and wastewater service expenses; 2) recovery of legal expenses incurred in prior cases filed and then later voluntarily withdrawn by Blue Granite; 3) recovery of legal expenses related to two Administrative Law Court proceedings dealing with Blue Granite's I-20 system ("ALC Proceedings"); and 4) a rental allowance for Blue Granite's Greenville office space.

The witness described the resolution of the four issues. With regard to the purchased water and wastewater service expenses, the proposed resolution is based on the

recommendations of ORS on the amount of the deferral balance and on-going expense adjustment, and the recommendation of the Consumer Advocate on the period over which the deferred expenses should be amortized. With regard to legal expenses for previous Commission proceedings, the proposed resolution is based on the recommendation made by ORS in the proceedings prior to the appeal that certain legal expenses should be treated as rate case expenses and amortized over three years. As for legal expenses for proceedings before the Administrative Law Court, the proposed resolution is based on the ORS recommended treatment, both as to amount and the amortization period prior to the appeal. With regard to the office rent issue, the resolution, according to the witness, was derived by using comparable cost components for the prior West Columbia office space that was replaced by the office space that Blue Granite now occupies in Greenville. The \$48,834 figure used is, according to the witness, substantially lower than the actual rent expense incurred by Blue Granite for the Greenville office and ORS's recommended adjusted Greenville office expense in the proceeding prior to the appeal. The witness noted that implementation of the settlement will result in increases in water and sewer rates. The witness presented tariffs showing the changes proposed if the Stipulation is approved.

The verified testimony of Daniel F. Sullivan, Director of the Audit Department of the Office of Regulatory Staff, also supports the Stipulation of Agreement. Sullivan describes the stipulated amounts for the four issues in the case.

For Amortization of the Company's Annual Water and Wastewater Service Expenses, Witness Sullivan subdivides the category into two parts: 1) the Purchased Services Deferral and 2) the Purchased Services Adjusted to Reflect Test Year. The

Purchased Services Deferral amount that should be used to calculate tariff rates following the remand is \$2,563,596. This figure accepts ORS adjustments including ORS's adjustment to limit recovery of non-revenue water above 10% and reflects the actual deferral through November 30, 2019, without carrying costs or inclusion of the unamortized balance in rate base. The Stipulating Parties also agree to the Purchased Services Deferral amount that should be used to calculate the revenue requirement and tariff rates as a result of the remand should be amortized over five (5) years as proposed by DCA. The annual amortization of the Purchased Services Deferral is \$512,719. 2) Purchased Services Adjusted to Reflect Test Year level of purchased services from wholesale providers is \$2,324,292. This number accepts ORS adjustments to purchased services to remove non-revenue purchased water in excess of 10%. The Stipulating Parties agree that tariff rates following the remand should be calculated to reflect ongoing expenses for purchased services in the amount of \$7,591,016, which is inclusive of the \$2,324,292 adjustment recommended by ORS. Therefore, \$7,591,016 for ongoing purchased services expenses plus amortization of \$512,719 for deferred purchased service expenses yields a total of \$8,103,735 for Purchased Sewer and Water – Pass Through, according to Witness Sullivan.

With regard to Legal Expenses for Previous Commission Proceedings, the Stipulating Parties agree that legal expenses in the amount of \$36,864 incurred in Docket No. 2018-358-WS and Docket No. 2018-361-WS should be characterized as rate case expenses and amortized over three years instead of being characterized as test year legal

expenses and expensed entirely during the test year. This characterization reflects ORS's recommended treatment of these expenses. Therefore, \$12,288 is the yearly figure.

Legal Expenses – ALC Proceedings relating to I-20 wastewater treatment plant are recovered under the Stipulation of Agreement. ORS recommended and the Stipulating Parties agree the amount of \$282,721 should be recovered and amortized over 5 years. Annual amortization is \$56,544.

With regard to Office Rent Expense, the Stipulating Parties agree that \$48,834 of rent expense for the Greenville office is reasonable and should be included in determining the revenue requirement. The cost components for the prior West Columbia office that were approved in Docket No. 2017-292-WS were used to calculate this rent expense. The West Columbia office housed seven (7) employees in 4,050 square feet as compared to eight (8) employees housed in 4,287 square feet in the current Greenville office. The Stipulating Parties agree that the similar space in each office provides support for the reasonableness of using the prior West Columbia office cost components to determine a reasonable rent expense for the Greenville office. Therefore, \$48,834 of rent expense is the stipulated figure.

Witness Sullivan asserts that ORS has reviewed and verified that the rate impacts and tariff revisions proposed by the Company as the result of the Stipulation as calculated in the Stipulation Testimony of Dante DeStefano are calculated correctly and are the rates necessary to achieve the revenue requirements found in the Exhibits to the Stipulation.

According to Witness Sullivan, the Stipulation represents a fair, reasonable, and full resolution of all of the issues remanded in this proceeding. Further, the witness states

that the Stipulation is beneficial to Blue Granite and its customers, in that it resolves the remanded issues without the delay, expense, and uncertainty of further proceedings, which allows the Company to focus on providing reliable and high-quality service to its customers, which is consistent with the public interest. Finally, Witness Sullivan states that the Stipulation is in the public interest of South Carolina and that ORS requests that the Commission approve the Stipulation as presented. The Stipulation of Agreement results in an operating margin of 9.49%.

No party to this case objected to, nor opposed the Stipulation of Agreement in any manner. All parties of record in this Docket had Notice of the Stipulation of Agreement and had an opportunity to object to or oppose, this Stipulation of Agreement, which was filed on January 25, 2022.

Because the Commission approves the Stipulation of Agreement herein, Blue Granite is directed to prepare a Proposed Notice in consultation with counsel for ORS, the Consumer Advocate, and Forty-Love. Blue Granite is further directed to provide and submit the Notice to the Commission for review no later than April 2, 2022. A Commission Hearing Officer has the authority to approve the Notice for publication and mailing following receipt of input from the Commission Staff. This Notice shall be one page and clearly explain the procedural history of this case from the filing of the original application with a rate impact analysis of Blue Granite's original request for an increase in rates to the approval of the Stipulation of Agreement with rate impact analysis of the rates agreed to by ORS, DCA, Forty Love Point Homeowners' Association, and Blue Granite. Once the Notice is approved, the Notice shall be sent by Blue Granite to its ratepayers by way of

customer-billing insert no later than first billing cycle with the effective date of the Stipulated Rates. Blue Granite is directed to also post this Notice on the Company's website and on other media outlets and formats used by the Company to disseminate information to its customers.

ORS, DCA, and Commission Staff are requested to share the approved Notice through all channels of communication each party deems appropriate and compliant with all laws and regulations governing such communication. Based on the record, the Commission hereby makes the following Findings of Fact and Conclusions of Law.

IV. FINDINGS OF FACT

1. On December 17, 2021, Blue Granite filed with the Commission a Stipulation of Agreement between the Parties stipulating with respect to the four issues remanded to the Commission by the South Carolina Supreme Court.

2. The four issues remanded to the Commission were: 1) recovery of Blue Granite's deferred and ongoing purchased water and wastewater service expenses; 2) recovery of legal expenses incurred in prior cases filed and then later voluntarily withdrawn by Blue Granite; 3) recovery of legal expenses related to administrative law court proceedings dealing with Blue Granite's I-20 system; and 4) a rental allowance for Blue Granite's Greenville office space. The amounts stated by ORS Witness Sullivan as listed below stated for each item are just and reasonable.

3. The Purchased Services Deferral amount that should be used to calculate tariff rates following the remand is \$2,563,596. This amount should be amortized over five (5) years, and the annual amortization of the Purchased Services Deferral is \$512,719.

4. Purchased Services Adjusted to Reflect Test Year level of purchased services from wholesale providers is \$2,324,292. Tariff rates following the remand should be calculated to reflect ongoing expenses for purchased services in the amount of \$7,591,016, which is inclusive of the \$2,324,292 adjustment. The figure of \$7,591,016 for ongoing purchased services expenses, plus amortization of \$512,719 for deferred purchased service expenses, yields a total of \$8,103,735 for Purchased Sewer and Water – Pass Through.

5. Legal Expenses for Previous Commission Proceedings are \$36,864. These should be amortized over three (3) years, for an amortized yearly figure of \$12,288.

6. Legal Expenses – ALC Proceedings relating to I-20 wastewater treatment plant are recovered under the Stipulation of Agreement. The amount is \$282,721 recovered and amortized over 5 years. Annual amortization is \$56,544.

7. Office Rent expense is \$48,834.

8. ORS has reviewed and verified that the rate impacts and tariff revisions proposed by the Company as the result of the Stipulation of Agreement as calculated in the Stipulation Testimony of Dante DeStefano are calculated correctly and are the rates necessary to achieve the revenue requirements found in the Exhibits to the Stipulation.

9. The Stipulation of Agreement represents a fair, reasonable, and full resolution of all issues remanded in this proceeding.

10. No party to this case objected to, nor opposed the Stipulation of Agreement in any manner. All parties of record in this Docket had Notice of the Stipulation of

Agreement and had an opportunity to object, or oppose this Stipulation, which was filed on January 25, 2022.

11. A Notice of the rate increases resulting from the Stipulation of Agreement will be sent to the Company's customers, after it undergoes the review process described above.

12. The operating margin resulting from the Stipulation of Agreement is 9.49%

V. CONCLUSIONS OF LAW

1. The verified Stipulation Testimony and Exhibits of Dante DeStefano and Daniel F. Sullivan should be entered into the record of this case. The Stipulation of Agreement and Exhibits should be entered into the record of this case.

2. The Stipulation of Agreement is fair and reasonable, and is in the public interest.

3. The Stipulation of Agreement should be approved by this Commission.

4. The rates resulting from the Stipulation of Agreement are just and reasonable for both Water Territory #1 and Water Territory #2.

5. Blue Granite shall notify its customers of the new rates and charges resulting from the Stipulation of Agreement. The Commission has set out a procedure above for the development of the Notice.

6. The 9.49% operating margin resulting from the Stipulation of Agreement is just and reasonable.

VI. ORDERING PROVISIONS

1. The verified Stipulation Testimony and Exhibits of Dante DeStefano and Daniel F. Sullivan are entered into the record of this case. The Stipulation of Agreement and Exhibits are entered into the record of this case.

2. The Stipulation of Agreement (attached as Order Exhibit 1) is hereby approved and adopted.

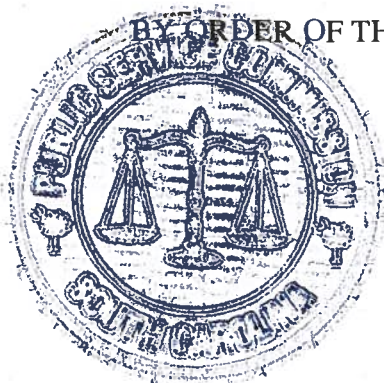
3. The accounting adjustments as described in this Order, as listed in the Stipulation of Agreement, and as shown in the Accounting Exhibits to the Stipulation of Agreement, are hereby approved and adopted.

4. The revised rates shown in Exhibit B to the Stipulation Testimony of Dante S. DeStefano are approved and adopted. Blue Granite shall file tariffs consistent with these rates so as to allow the rates to become effective on and after April 22, 2022. Exhibit B to DeStefano's Stipulation Testimony is attached hereto as Order Exhibit 2.

5. Blue Granite shall notify its customers of the rate changes made pursuant to the Stipulation of Agreement pursuant to the procedure outlined in this Order.

6. The approved operating margin for Blue Granite shall be 9.49%.

7. This Order shall remain in full force and effect until further Order of the Commission.



BY ORDER OF THE COMMISSION:


Justin T. Williams, Chairman
Public Service Commission of
South Carolina

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2019-290-WS

In Re:)	
)	
Application of Blue Granite Water)	STIPULATION OF AGREEMENT
Company for Approval to Adjust Rate)	
Schedules and Increase Rates)	
)	
)	

This Stipulation of Agreement ("Stipulation" or "Agreement") is made by and among Blue Granite Water Company ("Blue Granite"), the South Carolina Department of Consumer Affairs ("DCA"), the 40 Love Point Homeowners Association and the South Carolina Office of Regulatory Staff ("ORS") (collectively, "the Stipulating Parties").

WHEREAS, the above-captioned proceeding was established by the Public Service Commission of South Carolina (the "Commission") pursuant to the procedures in S.C. Code Ann. § 58-5-240 to review Blue Granite's application for approval to adjust rate schedules and increase rates (the "Application"), and the Stipulating Parties to this Agreement are parties of record in the above-captioned docket;

WHEREAS, the Commission issued Order No. 2020-306 on April 9, 2020, ruling on Blue Granite's Application;

WHEREAS, on April 29, 2020, Blue Granite filed a Petition for Reconsideration and Clarification and ORS filed a Petition for Clarification and Rehearing and/or Reconsideration;

WHEREAS, the Commission issued Order No. 2020-641 on September 23, 2020, granting in part and denying in part the parties' petitions;

WHEREAS, Blue Granite appealed to the Supreme Court of South Carolina, which issued a decision affirming in part and reversing and remanding certain issues to the Commission on September 1, 2021;

WHEREAS, the Supreme Court of South Carolina issued the remittitur on September 20, 2021, and the Commission therefore has jurisdiction on remand;

WHEREAS, the Stipulating Parties have engaged in discussions to determine whether they could reach agreement on the issues remanded to the Commission by the Supreme Court;

WHEREAS, following these discussions, the Stipulating Parties have each determined that their interests, as well as the public and consumer interest, would be best served by stipulating to the issues on remand under the terms and conditions set forth below, all of which are conditioned upon the Commission's approval of the same in its entirety.

A. RESERVATION OF RIGHTS

A.1 The Stipulating Parties agree to stipulate into the record testimony and exhibits from (1) Blue Granite witness Dante Destefano and (2) testimony from ORS witness Daniel Sullivan, supporting this Stipulation, and agree to waive cross examination of those witnesses. The Stipulating Parties reserve the right to engage in re-direct examination of their witnesses as may be necessary to respond to issues raised by any examination of their witnesses.

B. SETTLEMENT TERMS – ISSUES ON REMAND

The Supreme Court decision remanded the following issues to the Commission for consideration on remand: 1) amortization of Blue Granite's annual water and wastewater service expenses; 2) recovery of legal expenses incurred in prior cases filed and then later voluntarily withdrawn by Blue Granite; 3) recovery of legal expenses related to administrative law court proceedings dealing with Blue Granite's I-20 system ("ALC Proceedings"); 4) a reasonable rental

allowance for Blue Granite's new headquarters. The Stipulating Parties have agreed to the following treatment of each of these issues as described below and reflected on Exhibit 1 to this Agreement. The Stipulating Parties also have attached Exhibits 2 through 4 to this Agreement to provide Service Territory-level detail for Exhibit 1.

B.1 Amortization of Blue Granite's Annual Water and Wastewater Service Expenses.

a. Purchased Services Deferral. Blue Granite was permitted by Order No. 2015-876 in Docket No. 2015-199-WS to defer its purchased water and wastewater treatment costs resulting from increases implemented by its third-party providers. In its application in this proceeding Blue Granite sought to recover \$2,803,968 amortized over three years. ORS recommended and the Stipulating Parties agree that the amount of deferred purchased services that should be used to calculate tariff rates following the remand is \$2,563,596. This figure accepts ORS adjustments to the Purchased Services Deferrals and reflects the actual deferral through November 30, 2019 without carrying costs or inclusion of the unamortized balance in rate base. The Stipulating Parties also agree that the Purchased Services Deferral amount that should be used to calculate revenue requirement and tariff rates as a result of the remand should be amortized over five years as proposed by DCA. Therefore, Exhibit 1 reflects \$512,719 of annual amortization within the Purchased Sewer and Water – Pass Through line item.

b. Purchased Services Adjusted to Reflect Test Year. In its application in this proceeding Blue Granite proposed an adjustment of \$2,640,647 to the Test Year amount for the ongoing purchased water and wastewater treatment expenses. That proposed adjustment reflected actual increases to the Test Year charges to Blue Granite from entities that provide it services on a wholesale basis. ORS recommended and the Stipulating Parties agree to an adjustment amount

of \$2,324,292, which reflects the disallowance of non-revenue purchased water in excess of 10%. The Stipulating Parties agree that tariff rates following the remand should be calculated to reflect ongoing expenses for purchased services in the amount of \$7,591,016, inclusive of the \$2,324,292 adjustment recommended by ORS. Therefore, the total of ongoing purchased services expenses plus amortization of deferred purchased services expenses per B.1 above reflect \$8,103,735 on Exhibit 1 for the Purchased Sewer and Water – Pass Through line item.

B.2 **Legal Expenses – Previous Commission Proceedings.** ORS recommended and the Stipulating Parties agree that legal expenses in the amount of \$36,864 incurred in Docket No. 2018-358-WS and Docket No. 2018-361-WS should be characterized as rate case expenses and amortized over three years instead of the full amount being characterized as test year legal expenses as Blue Granite originally proposed. Therefore, \$12,288 is included on Exhibit 1 for the Regulatory Commission Expense line item.

B.3 **Legal Expenses – ALC Proceedings.** In its application Blue Granite proposed to recover legal expenses incurred in connection with two ALC proceedings relating to its I-20 wastewater treatment plant. ORS recommended and the Stipulating Parties agree that legal expenses for these proceedings in the amount of \$282,721 should be recovered and should be amortized over five years. Therefore, Exhibit 1 reflects \$56,544 of annual amortization within the Maintenance and Repair line item.

B.4 **Office Rent Expenses.** In its application Blue Granite sought to recover \$84,684 in rent expense associated with its Greenville office. ORS proposed an adjustment of \$11,019 to reduce the Greenville office rent expense to \$73,665. The cost components expense and rate base - of Blue Granite's former corporate office in West Columbia have been estimated to produce a cost of service consideration of \$48,834. The cost components of the West Columbia office used

to compute the stipulated Greenville Office Rent Expense were previously accepted as reasonable in Docket 2017-292-WS. The record in this proceeding shows that the West Columbia space housed 7 employees in 4,050 square feet compared to 8 employees housed in 4,287 square feet in the current office. Tr. Vol. 5, p. 355.5. The Stipulating Parties agree that the similar space requirement provides support for the reasonableness of using the West Columbia figure as the rent expense figure and that tariff rates on remand should be calculated using a reasonable rent expense for the Greenville office of \$48,834.

C. REMAINING SETTLEMENT TERMS AND CONDITIONS

C.1 The Stipulating Parties agree that this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy, including the decision of the Supreme Court on September 1, 2021 ruling on the appeal of the Commission decision in this proceeding. This Agreement in no way constitutes a waiver or acceptance of the position of any Stipulating Party concerning the subject matter herein in any future proceeding except as necessary to effectuate the terms of this Stipulation.

C.2 ORS is charged with representing the public interest of South Carolina. *See* S.C. Code Ann. § 58-4-10(B) (defining public interest as “the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer, and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services”). ORS believes this Agreement reached among the Settling Parties is in the public interest as defined in section 58-4-10(B).

C.3 DCA is charged with representing the consumer interest in rate fixing proceedings before the Commission. *See* S.C. Code Ann. §37-6-604(A)(1). DCA believes that supporting this Agreement is consistent with its statutory mandate to represent the consumer interest.

C.4 The Stipulating Parties, including their agents, agree that communications regarding the Agreement, either between the Stipulating Parties or with non-signatories hereto, shall be supportive of the terms agreed to in this Agreement.

C.5 This Agreement contains the complete agreement of the Stipulating Parties regarding the issues on remand in this proceeding. This Agreement integrates all discussions among the Stipulating Parties regarding the terms and conditions of the Program into the terms of this written document. There are no other terms to which the Stipulating Parties have agreed. The Stipulating Parties agree that this Agreement will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Agreement or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission declines to approve this Agreement in its entirety and without modification, then any Party may withdraw from the Settlement Agreement without penalty or further obligation.

C.6 This Agreement shall be interpreted according to South Carolina law.

C.7 This Agreement does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Stipulating Party herein from advocating an alternative approach or position in any future proceedings that are not within the scope of, or otherwise contemplated by, this Agreement.

C.8 This Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

C.9 The Stipulating Parties represent that the terms of this Agreement are based upon full and accurate information known as of the date this Agreement is executed. If, after execution,

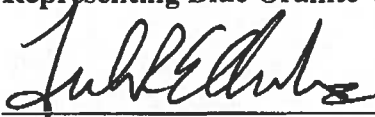
but prior to a Commission decision on the merits of this proceeding, a Stipulating Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Agreement is based, that Stipulating Party may withdraw from the Agreement with written notice to every other Stipulating Party.

C.10 The above terms and conditions represent the agreement of the Stipulating Parties in these dockets. Therefore, each Stipulating Party acknowledges its consent and agreement to this Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any Stipulating Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Agreement.

C.11 The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceedings. The Parties agree to use reasonable efforts before any reviewing court in the event of appeal to defend and support any Commission order issued approving this Agreement and the terms and conditions contained herein.

[STIPULATING PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

Representing Blue Granite Water Company

A handwritten signature in black ink, appearing to read 'Frank R. Ellerbe, III', written over a horizontal line.

Frank R. Ellerbe, III
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Forty Love Point Homeowners' Association

Laura P. Valtorta

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(803) 771-0828

12-16-2021

EXHIBIT 1

REMAND EXHIBIT 1

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Combined Operations - Water and Sewer Service Territory 1 & 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) ORS Adjustments \$	(5) After ORS Adjustments \$
<u>Operating Revenues</u>					
Service Revenues - Water	11,868,922	280,468	(1) 12,149,390	3,365,467	(40) 15,514,857
Service Revenues - Sewer	10,929,933	504,321	(2) 11,434,254	3,758,161	(41) 15,192,415
Miscellaneous Revenues	445,566	4,043	(3) 449,609	58,154	(42) 507,763
Uncollectible Accounts	(250,471)	(7,644)	(4) (258,115)	(74,516)	(43) (332,631)
Total Operating Revenues	22,993,950	781,188	23,775,138	7,107,266	30,882,404
<u>Maintenance Expenses</u>					
Salaries and Wages	2,670,783	(1,344,062)	(5) 1,326,721	0	1,326,721
Capitalized Time	(333,423)	73,614	(6) (259,809)	0	(259,809)
Purchased Power	771,660	0	(7) 771,660	0	771,660
Purchased Sewer and Water - Pass Through	5,266,724	2,837,011	(8) 8,103,735	0	8,103,735
Maintenance and Repair	3,031,412	937,334	(9) 3,968,746	0	3,968,746
Maintenance Testing	314,455	(174,416)	(10) 140,039	0	140,039
Meter Reading	112,607	(72,815)	(11) 39,792	0	39,792
Chemicals	360,819	(99,043)	(12) 261,776	0	261,776
Transportation	238,985	(118,674)	(13) 120,311	0	120,311
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	12,434,022	2,038,949	14,472,971	0	14,472,971
<u>General Expenses</u>					
Salaries and Wages	871,623	538,807	(14) 1,410,430	0	1,410,430
Office Supplies & Other Office Exp	1,980,731	(1,564,724)	(15) 416,007	0	416,007
Regulatory Commission Exp.	138,293	177,011	(16) 315,304	0	315,304
Pension & Other Benefits	779,623	(165,041)	(17) 614,582	0	614,582
Rent	97,022	60,008	(18) 157,030	0	157,030
Insurance	348,323	163,371	(19) 511,694	0	511,694
Office Utilities	491,952	(98,634)	(20) 393,318	0	393,318
Outside Services - Other	1,062,984	(188,889)	(21) 874,095	0	874,095
Non-Utility Misc Expense	442,691	(442,691)	(22) 0	0	0
Miscellaneous	61,301	4,566	(23) 65,867	0	65,867
Total General Expenses	6,274,543	(1,516,216)	4,758,327	0	4,758,327
Depreciation	1,788,412	1,494,488	(24) 3,282,900	0	3,282,900
Amortization of CIAC	(406,510)	(538,846)	(25) (945,356)	0	(945,356)
Taxes Other Than Income	3,499,587	166,467	(26) 3,666,054	37,869	(44) 3,703,923
Income Taxes - Federal	(431,984)	(382,721)	(27) (814,705)	1,410,344	(45) 595,639
Income Taxes - State	(185,161)	13,321	(28) (171,840)	353,470	(46) 181,630
Sale of Utility Property	(20,253)	20,253	(29) 0	0	0
Amort. Investment Tax Credit	(8,854)	0	(8,854)	0	(8,854)
Amortization of PAA	(15,713)	0	(15,713)	0	(15,713)
Total Other Expenses	4,219,524	772,962	4,992,486	1,801,683	6,794,169
Total Operating Expenses	22,928,089	1,295,695	24,223,784	1,801,683	26,025,467
Net Operating Income	65,861	(514,507)	(448,646)	5,305,583	4,856,937
Customer Growth	0	0	(30) 0	74,561	(47) 74,561
Interest During Construction	(172,635)	172,635	(31) 0	0	0
Net Income (Loss) For Return	238,496	(687,142)	(448,646)	5,380,144	4,931,498
<u>Original Cost Rate Base:</u>					
Gross Plant In Service	103,656,698	415,288	(32) 104,071,986	0	104,071,986
Accumulated Depreciation	(16,190,845)	3,337,761	(33) (12,853,084)	0	(12,853,084)
Net Plant In Service	87,465,853	3,753,049	91,218,902	0	91,218,902
Deferred Charges	0	4,818,974	(34) 4,818,974	0	4,818,974
Cash Working Capital	1,680,231	(289,285)	(35) 1,390,946	0	1,390,946
Contributions In Aid of Construction	(20,300,003)	2,205,788	(36) (18,094,215)	0	(18,094,215)
Accumulated Deferred Income Taxes	(3,522,916)	0	(3,522,916)	0	(3,522,916)
Customer Deposits	(334,350)	0	(334,350)	0	(334,350)
Plant Held for Future Use	0	0	(37) 0	0	0
Plant Acquisition Adjustment	(831,277)	0	(831,277)	0	(831,277)
Excess Book Value	0	(464,646)	(38) (464,646)	0	(464,646)
Total Rate Base	64,157,538	10,023,880	74,181,418	0	74,181,418
Return on Rate Base	0.37%		-0.60%		6.65%
Operating Margin	-6.91%		-10.31%		9.49%
Interest Expense	1,828,315	173,291	(39) 2,001,606	0	2,001,606

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Water Service Territory 1
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) ORS Adjustments \$	(5) After ORS Adjustments \$
Operating Revenues					
Service Revenues - Water	6,307,416	272,372	(1) 6,579,788	2,545,596 (40)	9,125,384
Miscellaneous Revenues	84,940	(290) (3)	84,650	8,946 (42)	93,596
Uncollectible Accounts	(62,865)	(2,933) (4)	(65,798)	(25,456) (43)	(91,254)
Total Operating Revenues	6,329,491	269,149	6,598,640	2,529,086	9,127,726
Maintenance Expenses					
Salaries and Wages	842,497	(484,042) (5)	358,455	0	358,455
Capitalized Time	(101,347)	25,726 (6)	(75,621)	0	(75,621)
Purchased Power	72,278	0 (7)	72,278	0	72,278
Purchased Water - Pass Through	2,859,944	537,009 (8)	3,396,953	0	3,396,953
Maintenance and Repair	628,927	577,996 (9)	1,206,923	0	1,206,923
Maintenance Testing	40,064	(33,212) (10)	6,852	0	6,852
Meter Reading	31,148	(44,196) (11)	(13,048)	0	(13,048)
Chemicals	132,225	(25,360) (12)	106,865	0	106,865
Transportation	84,341	(42,445) (13)	41,896	0	41,896
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	4,590,077	511,476	5,101,553	0	5,101,553
General Expenses					
Salaries and Wages	308,198	191,693 (14)	499,891	0	499,891
Office Supplies & Other Office Exp	788,991	(644,604) (15)	144,387	0	144,387
Regulatory Commission Exp.	48,900	62,825 (16)	111,725	0	111,725
Pension & Other Benefits	275,491	(94,905) (17)	180,586	0	180,586
Rent	25,824	21,538 (18)	47,362	0	47,362
Insurance	123,183	58,173 (19)	181,356	0	181,356
Office Utilities	167,049	(35,121) (20)	131,928	0	131,928
Outside Services - Other	374,956	(58,653) (21)	316,303	0	316,303
Non-Utility Misc Expense	156,637	(156,637) (22)	0	0	0
Miscellaneous	21,275	1,217 (23)	22,492	0	22,492
Total General Expenses	2,290,504	(654,474)	1,636,030	0	1,636,030
Other Expenses					
Depreciation	464,276	539,028 (24)	1,003,304	0	1,003,304
Amortization of CIAC	(164,957)	(467,848) (25)	(632,805)	0	(632,805)
Taxes Other Than Income	1,111,788	(15,892) (26)	1,095,896	13,470 (44)	1,109,366
Income Taxes - Federal	(154,415)	(268,491) (27)	(422,906)	501,865 (45)	78,959
Income Taxes - State	(99,023)	2,669 (28)	(96,354)	125,781 (46)	29,427
Sale of Utility Property	(29,922)	29,922 (29)	0	0	0
Amort. Investment Tax Credit	(4,214)	0	(4,214)	0	(4,214)
Amortization of PAA	(13,504)	0	(13,504)	0	(13,504)
Total Other Expenses	1,110,029	(180,612)	929,417	641,116	1,570,533
Total Operating Expenses	7,990,610	(323,610)	7,667,000	641,116	8,308,116
Net Operating Income	(1,661,119)	592,759	(1,068,360)	1,887,970	819,610
Customer Growth	0	0 (30)	0	16,713 (47)	16,713
Interest During Construction	(74,253)	74,253 (31)	0	0	0
Net Income (Loss) For Return	(1,586,866)	518,506	(1,068,360)	1,904,683	836,323
Original Cost Rate Base:					
Gross Plant In Service	25,669,070	1,152,082 (32)	26,821,152	0	26,821,152
Accumulated Depreciation	(5,359,140)	1,188,052 (33)	(4,171,088)	0	(4,171,088)
Net Plant In Service	20,309,930	2,340,134	22,650,064	0	22,650,064
Deferred Charges	0	(168,135) (34)	(168,135)	0	(168,135)
Cash Working Capital	502,580	(85,001) (35)	417,579	0	417,579
Contributions In Aid of Construction	(8,780,986)	370,017 (36)	(8,410,969)	0	(8,410,969)
Accumulated Deferred Income Taxes	(964,199)	0	(964,199)	0	(964,199)
Customer Deposits	(105,884)	0	(105,884)	0	(105,884)
Plant Held for Future Use	0	0 (37)	0	0	0
Plant Acquisition Adjustment	(614,752)	0	(614,752)	0	(614,752)
Excess Book Value	0	(223,030) (38)	(223,030)	0	(223,030)
Total Rate Base	10,346,689	2,233,985	12,580,674	0	12,580,674
Return on Rate Base	-15.34%		-8.49%		6.65%
Operating Margin	-33.96%		-21.33%		5.44%
Interest Expense	562,651	(223,192) (39)	339,459	0	339,459

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Water Service Territory 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) ORS Adjustments \$	(5) After ORS Adjustments \$
Operating Revenues					
Service Revenues - Water	5,561,506	8,096	(1) 5,569,602	819,871 (40)	6,389,473
Miscellaneous Revenues	115,189	0	(3) 115,189	5,282 (42)	120,471
Uncollectible Accounts	(77,873)	(101)	(4) (77,974)	(11,479) (43)	(89,453)
Total Operating Revenues	5,598,822	7,995	5,606,817	813,675	6,420,492
Maintenance Expenses					
Salaries and Wages	668,288	(264,947)	(5) 403,341	0	403,341
Capitalized Time	(71,806)	12,190	(6) (59,616)	0	(59,616)
Purchased Power	180,096	0	(7) 180,096	0	180,096
Purchased Water - Pass Through	761,771	77,039	(8) 838,810	0	838,810
Maintenance and Repair	440,252	261,585	(9) 701,837	0	701,837
Maintenance Testing	97,005	(48,101)	(10) 48,904	0	48,904
Meter Reading	45,376	(9,488)	(11) 35,888	0	35,888
Chemicals	54,966	(14,317)	(12) 40,649	0	40,649
Transportation	52,482	(25,511)	(13) 26,971	0	26,971
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	2,228,430	(11,551)	2,216,879	0	2,216,879
General Expenses					
Salaries and Wages	192,149	115,859	(14) 308,008	0	308,008
Office Supplies & Other Office Exp	270,298	(175,329)	(15) 94,969	0	94,969
Regulatory Commission Exp.	30,488	38,435	(16) 68,923	0	68,923
Pension & Other Benefits	172,239	(5,031)	(17) 167,208	0	167,208
Rent	38,829	12,542	(18) 51,371	0	51,371
Insurance	76,740	35,004	(19) 111,744	0	111,744
Office Utilities	110,492	(21,368)	(20) 89,124	0	89,124
Outside Services - Other	235,453	(89,262)	(21) 146,191	0	146,191
Non-Utility Misc Expense	97,387	(97,387)	(22) 0	0	0
Miscellaneous	14,337	1,626	(23) 15,963	0	15,963
Total General Expenses	1,238,412	(184,911)	1,053,501	0	1,053,501
Total Other Expenses	1,367,175	366,294	1,733,469	206,277	1,939,746
Total Operating Expenses	4,834,017	169,832	5,003,849	206,277	5,210,126
Net Operating Income	764,805	(161,837)	602,968	607,398	1,210,366
Customer Growth	0	0	(30) 0	1,094 (47)	1,094
Interest During Construction	(5,925)	5,925	(31) 0	0	0
Net Income (Loss) For Return	770,730	(167,762)	602,968	608,492	1,211,460
Original Cost Rate Base:					
Gross Plant In Service	22,208,337	1,053,999	(32) 23,262,336	0	23,262,336
Accumulated Depreciation	(3,277,394)	342,050	(33) (2,935,344)	0	(2,935,344)
Net Plant In Service	18,930,943	1,396,049	20,326,992	0	20,326,992
Deferred Charges	0	(601,264)	(34) (601,264)	0	(601,264)
Cash Working Capital	338,134	(34,187)	(35) 303,947	0	303,947
Contributions In Aid of Construction	(351,720)	9,997	(36) (341,723)	0	(341,723)
Accumulated Deferred Income Taxes	(1,239,587)	0	(1,239,587)	0	(1,239,587)
Customer Deposits	(90,717)	0	(90,717)	0	(90,717)
Plant Held for Future Use	0	0	(37) 0	0	0
Plant Acquisition Adjustment	(134,480)	0	(134,480)	0	(134,480)
Excess Book Value	0	0	(38) 0	0	0
Total Rate Base	17,452,573	770,595	18,223,168	0	18,223,168
Return on Rate Base	4.42%		3.31%		6.65%
Operating Margin	4.29%		1.98%		11.21%
Interest Expense	530,582	(38,874)	(39) 491,708	0	491,708

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Sewer Service Territory 1 and 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) ORS Adjustments \$	(5) After ORS Adjustments \$
Operating Revenues					
Service Revenues - Sewer	10,929,933	504,321 (2)	11,434,254	3,758,161 (41)	15,192,415
Miscellaneous Revenues	245,437	4,333 (3)	249,770	43,926 (42)	293,696
Uncollectible Accounts	(109,733)	(4,610) (4)	(114,343)	(37,581) (43)	(151,924)
Total Operating Revenues	11,065,637	504,044	11,569,681	3,764,506	15,334,187
Maintenance Expenses					
Salaries and Wages	1,159,998	(595,073) (5)	564,925	0	564,925
Capitalized Time	(160,270)	35,698 (6)	(124,572)	0	(124,572)
Purchased Power	519,286	0 (7)	519,286	0	519,286
Purchased Sewer	1,645,009	2,222,964 (8)	3,867,973	0	3,867,973
Maintenance and Repair	1,962,233	97,753 (9)	2,059,986	0	2,059,986
Maintenance Testing	177,386	(93,103) (10)	84,283	0	84,283
Meter Reading	36,083	(19,131) (11)	16,952	0	16,952
Chemicals	173,628	(59,366) (12)	114,262	0	114,262
Transportation	102,162	(50,718) (13)	51,444	0	51,444
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	5,615,515	1,539,024	7,154,539	0	7,154,539
General Expenses					
Salaries and Wages	371,276	231,255 (14)	602,531	0	602,531
Office Supplies & Other Office Exp	921,442	(744,791) (15)	176,651	0	176,651
Regulatory Commission Exp.	58,905	75,751 (16)	134,656	0	134,656
Pension & Other Benefits	331,893	(65,105) (17)	266,788	0	266,788
Rent	32,369	25,928 (18)	58,297	0	58,297
Insurance	148,400	70,194 (19)	218,594	0	218,594
Office Utilities	214,411	(42,145) (20)	172,266	0	172,266
Outside Services - Other	452,575	(40,974) (21)	411,601	0	411,601
Non-Utility Misc Expense	188,667	(188,667) (22)	0	0	0
Miscellaneous	25,689	1,723 (23)	27,412	0	27,412
Total General Expenses	2,745,627	(676,831)	2,068,796	0	2,068,796
Depreciation	915,558	565,820 (24)	1,481,378	0	1,481,378
Amortization of CIAC	(234,352)	(45,545) (25)	(279,897)	0	(279,897)
Taxes Other Than Income	1,395,111	195,442 (26)	1,590,553	20,048 (44)	1,610,601
Income Taxes - Federal	(243,799)	(129,836) (27)	(373,635)	747,019 (45)	373,384
Income Taxes - State	(109,751)	29,365 (28)	(80,386)	187,223 (46)	106,837
Sale of Utility Property	27,966	(27,966) (29)	0	0	0
Amort. Investment Tax Credit	(4,640)	0	(4,640)	0	(4,640)
Amortization of PAA	(3,773)	0	(3,773)	0	(3,773)
Total Other Expenses	1,742,320	587,280	2,329,600	954,290	3,283,890
Total Operating Expenses	10,103,462	1,449,473	11,552,935	954,290	12,507,225
Net Operating Income	962,175	(945,429)	16,746	2,810,216	2,826,962
Customer Growth	0	0 (30)	0	56,754 (47)	56,754
Interest During Construction	(92,457)	92,457 (31)	0	0	0
Net Income (Loss) For Return	1,054,632	(1,037,886)	16,746	2,866,970	2,883,716
Original Cost Rate Base:					
Gross Plant In Service	55,779,291	(1,790,793) (32)	53,988,498	0	53,988,498
Accumulated Depreciation	(7,554,311)	1,807,659 (33)	(5,746,652)	0	(5,746,652)
Net Plant In Service	48,224,980	16,866	48,241,846	0	48,241,846
Deferred Charges	0	5,588,373 (34)	5,588,373	0	5,588,373
Cash Working Capital	839,517	(170,097) (35)	669,420	0	669,420
Contributions In Aid of Construction	(11,167,297)	1,825,774 (36)	(9,341,523)	0	(9,341,523)
Accumulated Deferred Income Taxes	(1,319,130)	0	(1,319,130)	0	(1,319,130)
Customer Deposits	(137,749)	0	(137,749)	0	(137,749)
Plant Held for Future Use	0	0 (37)	0	0	0
Plant Acquisition Adjustment	(82,045)	0	(82,045)	0	(82,045)
Excess Book Value	0	(241,616) (38)	(241,616)	0	(241,616)
Total Rate Base	36,358,276	7,019,300	43,377,576	0	43,377,576
Return on Rate Base	2.90%		0.04%		6.65%
Operating Margin	2.89%		-9.97%		11.17%
Interest Expense	735,082	435,357 (39)	1,170,439	0	1,170,439

Blue Granite Water Company
Docket No. 2019-290-WS
SCHEDULE OF RATES AND CHARGES

EXHIBIT B

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WATER

Service Territory 1

Monthly Charges - Water Supply Customers Only

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

Residential

Base Facilities Charge
per single-family house,
condominium, mobile home,
or apartment unit
Residential Commodity Charge

\$ 14.38 per unit
\$ 8.6137 per 1,000 gal.
or 134 cft.

Commercial

Base Facilities Charge
by meter size

5/8" meter *	\$ 14.38 per unit
3/4" meter	\$ 14.38 per unit
1" meter	\$ 37.43 per unit
1.5" meter	\$ 74.86 per unit
2" meter	\$ 119.78 per unit
3" meter	\$ 224.59 per unit
4" meter	\$ 374.42 per unit
8" meter	\$1,150.51 per unit

Commercial Commodity Charge
\$ 8.6137 per 1,000 gal.
or 134 cft.

Monthly Charges - Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

Residential

Base Facilities Charge
per single-family house,
condominium, mobile home,
or apartment unit
Residential Commodity Charge

\$ 14.38 per unit
\$ 11.6330 per 1,000 gal.
or 134 cft.

Blue Granite Water Company
Docket No. 2019-290-WS
SCHEDULE OF RATES AND CHARGES

EXHIBIT B

Commercial

Base Facilities Charge

by meter size

5/8" meter *	\$ 14.38 per unit
3/4" meter	\$ 14.38 per unit
1" meter	\$ 37.43 per unit
1.5" meter	\$ 74.86 per unit
2" meter	\$ 119.78 per unit
3" meter	\$ 224.59 per unit
4" meter	\$ 374.42 per unit
8" meter	\$1,150.51 per unit

Commercial Commodity Charge \$ 11.63~~30~~ per 1,000 gal.
or 134 cft.

***A "Fire Line" customer will be billed a monthly base facilities charge of a 5/8" meter or at the rate of any other meter size used as a detector.**

Hydrant Meter Program

A contractor, developer, or other commercial customer (the "Hydrant Customer") requiring water service for a limited duration, where no other water service is available to the customer, may, where practicable, take water service from the Utility's nearest available hydrant. In such cases, the Hydrant Customer shall obtain from the Utility a 2-inch meter and affix the meter to the hydrant(s) closest to its work site(s). The Hydrant Customer shall be charged the appropriate Base Facilities Charge for a 2-inch meter and for actual water consumption. Every 25 to 35 days, the Hydrant Customer shall make the meter available to the Utility for the reading of its water usage and associated monthly billing. In addition, the Hydrant Customer shall pay Utility a deposit of \$1,100.00, which represents the approximate cost of the meter, prior to receiving the 2-inch meter. The Utility shall refund the Hydrant Customer's deposit upon the prompt return of the meter in good working order. If the meter is lost or determined to be damaged upon return, the Utility may withhold all, or a portion, of the deposit amount as reasonable compensation for the Utility's loss.

Blue Granite Water Company
Docket No. 2019-290-WS
SCHEDULE OF RATES AND CHARGES

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Service Territory 2

Monthly Charges - Water Supply Customers

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

Residential

Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:

\$ 28.59 per unit

Residential Commodity Charge

\$ 12.~~71~~⁸⁴ per 1,000 gal.
or 134 cft.

Commercial

Base Facilities Charge
by meter size

5/8" meter*

\$ 28.59 per unit

1" meter

\$ 79.59 per unit

1.5" meter

\$ 146.27 per unit

3" meter

\$ 499.14 per unit

Commercial Commodity Charge

\$ 12.~~8471~~ per 1,000 gal.
or 134 cft.

Monthly Charges - Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

Residential

Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:

\$ 28.59 per unit

Residential Commodity Charge

\$ 14.~~8266~~ per 1,000 gal.
or 134 cft.

Commercial

Base Facilities Charge by meter size:

5/8" meter*

\$ 28.59 per unit

1" meter

\$ 79.59 per unit

1.5" meter

\$ 146.27 per unit

3" meter

\$ 499.14 per unit

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Commercial Commodity Charge	\$ 14.8266 per 1,000 gal. or 134 cft.
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***A "Fire Line" customer will be billed a monthly base facilities charge of a 5/8" meter or at the rate of any other meter size used as a detector.**

Hydrant Meter Program

A contractor, developer, or other commercial customer (the "Hydrant Customer") requiring water service for a limited duration, where no other water service is available to the customer, may, where practicable, take water service from the Utility's nearest available hydrant. In such cases, the Hydrant Customer shall obtain from the Utility a 2-inch meter and affix the meter to the hydrant(s) closest to its work site(s). The Hydrant Customer shall be charged the appropriate Base Facilities Charge for a 2-inch meter and for actual water consumption. Every 25 to 35 days, the Hydrant Customer shall make the meter available to the Utility for the reading of its water usage and associated monthly billing. In addition, the Hydrant Customer shall pay Utility a deposit of \$1,100.00, which represents the approximate cost of the meter, prior to receiving the 2-inch meter. The Utility shall refund the Hydrant Customer's deposit upon the prompt return of the meter in good working order. If the meter is lost or determined to be damaged upon return, the Utility may withhold all, or a portion, of the deposit amount as reasonable compensation for the Utility's loss.

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**WATER SERVICE
TERMS AND CONDITIONS
AND
NON-RECURRING CHARGES**

1. Terms and Conditions

A. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

B. Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

C. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

D. When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

E. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

F. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

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G. Cross-Connection Inspection

Any customer installing, permitting to be installed, or maintain any cross connection between the Utilities water system and any other non-public water system, sewer, or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended for time to time. Such a customer shall have such cross connection inspected by a licensed certified tester and provide to Utility a copy of written inspection report indicating the back-flow device is functioning properly and testing results submitted by the tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later June 30th of each year for required commercial customers and no later than June 30th of every other year for required residential customers. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill. If after inspection and testing by the Utility's certified tester, the back-flow device fails to function properly, the customer will be notified and given a 30 day period in which to have the back-flow device repaired or replaced with a subsequent follow-up inspection by a licensed certified tester indicating the back-flow device is functioning properly. Failure to submit a report indicating the back-flow device is functioning properly will result in discontinuation of water service to said customer until such time as a passing inspection report is received by Utility.

H. A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

I. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing water utilities.

2. Non-Recurring Charges

A. Water Service Connection (New connections only) - \$300 per SFE*

The fees in this Section are subject to the considerations noted in Section G below.

B. Plant Impact Fee (New connections only) - \$400 per SFE*

The fees in this Section are subject to the considerations noted in Section G below.

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The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The fees in this Section are subject to the considerations noted in Section G below.

D. Customer Account Charge – (New customers only) \$30.00

A one-time fee to defray the costs of initiating service.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R.103-732.5, a reconnection fee shall be due in the amount of \$40.00 and shall be due prior to the Utility reconnecting service.

F. Tampering Charge: In the event the Utility's equipment, water mains, water lines, meters, curb stops, service lines, valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

G. All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

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SEWER

Service Territory 1 and 2

Monthly Charges – Sewer Collection & Treatment Only

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

Residential - charge per single-family house, condominium, villa, or apartment unit:

~~\$78.25~~ \$86.47 per unit

Mobile Homes:

~~\$63.11~~ \$57.11 per unit

Commercial

~~\$86.47~~ \$78.25 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Monthly Charges – Sewer Collection Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential – per single-family house, condominium, or apartment unit

~~\$86.47~~ \$78.25 per unit

Commercial

~~\$86.47~~ \$78.25 per SFE*

The Village Sewer Collection

~~\$44.99~~ \$40.71 per SFE*

* Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

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SEWER SERVICE
TERMS AND CONDITIONS
AND
NON-RECURRING CHARGES

1. Terms and Conditions

- A. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.
- B. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

C. Billing Cycle

Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

D. Toxic and Pretreatment Effluent Guidelines

The utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

E. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving sewer system.

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In no event will the Utility be required to construct additional sewer treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

- F. A Single Family Equivalent ("SFE") shall be determined by 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service, plant impact fee and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.
- G. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing wastewater utilities.

2. Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

On such regular intervals as the Utility deems prudent, upon discovery that excessive solids have accumulated in the interceptor tank, or for any instance when a customer's interceptor tank is in need of access, pumping, cleaning, maintenance/repair, or requires any work ("Pumping Charge") related to a Pumping Charge, the Utility shall provide an estimate of the actual cost of the Pumping Charge to that customer for the specified work to be done. Should a customer choose, the customer may seek quotes/estimates from third-party vendors not affiliated with the Utility. The Utility shall not proceed with any work related to an interceptor tank until such time as the Utility secures the customers approval, in writing, for the work to be performed.

If the customer chooses to have the Utility perform the work associated with the interceptor tank, then the cost charged to the customer shall not exceed the estimate of the actual cost the Utility provided to the customer (whether the work is performed by the Utility or if the Utility utilizes a third-party vendor). If the customer chooses to contract with a third-party vendor, then the Utility may oversee the work but will not charge the affected customer for the personnel and overhead costs incurred in managing the work. The customer shall utilize third-party vendors who meet and operate with all required qualifications and certifications/licenses and adhere to any laws and regulations related to pumping of an interceptor tank. The customer shall provide

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the Utility with sufficient documentation to demonstrate the work was performed by the third-party vendor.

The Pumping Charge will be included as a separate line item on the next regular billing to the customer. Alternatively, at the customer's request, the Pumping Charge may be billed to the customer in twelve (12) equal monthly installments.

Emergency Condition Authority: Should a condition arise that presents a health risk to the customer, the public, or the environment, the Utility shall have the authority to proceed with pumping a customer's interceptor tank. The Utility shall present, upon request, evidence supporting the need for immediate action.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement as a separate item in the next regular billing to the customer and may be paid for over a one-year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

3. Non-recurring Charges

A. Sewer Service Connection (New connections only) \$300 per SFE

The fees in this Section are subject to the considerations noted in Section G below.

B. Plant Capacity Fee (New connections only) \$400 per SFE

The fees in this Section are subject to the considerations noted in Section G below.

The Plant Capacity Fee shall be computed by using South Carolina DHEC "Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1972) to determine the single family equivalency rating. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing treatment and/or collection system facilities that are essential to provide adequate treatment and disposal of the wastewater generated by the development of the new property.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by

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multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

C. Notification Fee

A fee of \$15.00 shall be charged to each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

D. Customer Account Charge - (New customers only) \$30.00

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve has been previously installed, a reconnection fee of \$40.00 shall be charged.

F. Tampering Charge: In the event the Utility's equipment, sewage pipes, meters, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

G. All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.